



U.S. Department of Housing and Urban Development

Office of Public and Indian Housing

Special Attention:

Secretary's Representatives;
State and Area Coordinators;
Directors, Offices of Public Housing;
Administrators, Offices of Native
American Programs

Notice PIH 98-48 (HUD)

Issued: September 28, 1998

Expires: September 30, 1999

Cross References:

Subject: Management and Retention of Section 8 Financial Records

1. **Purpose:** This Notice provides guidance to State and Area Offices of Public Housing on the management and retention of financial records under the Section 8 Rental Certificate, Rental Voucher, and Moderate Rehabilitation Programs, collectively referred to as the Section 8 programs. Offices of Native American Programs, please see paragraph 8 below.
2. **Background:** Current records disposition schedules do not cover the financial records of the Section 8 programs. The Office of Public and Indian Housing will develop and issue appropriate records disposition schedules for these programs. This Notice is intended to serve as interim guidance until formal records disposition schedules are issued.
3. **Expanded Role and Responsibility:** The implementation of HUDCAPS in 1995 substantially changed the roles and responsibilities of the Office of Public Housing. Using HUDCAPS, the Office of Public Housing performs HUD's accounting functions for the reservation, contracting, and disbursement of funds, and the processing of year-end financial statements. The Office of Public Housing maintains the Department's financial records described below for the Section 8 programs.
4. **Records Covered:** Section 8 financial records may be categorized into the following groups:
 - A. **Funding Records:** Funding records include worksheets or other documentation used to determine the amount of funding to be reserved and the notification letter to the Housing Authority (HA) or other grant recipient. Specific documents include the Annual Contributions Contract (ACC) List, Form HUD-5402 (no longer used); Project Accounting Data, Form HUD-52540 (used for funding recorded in AHAS and PAS, not used for funding recorded in HUDCAPS); Lotus 1-2-3 or manual worksheets, and HUDCAPS Reservation Pricing print screens used to calculate funding amounts, and notification letters to the HA.

B. **Contract Records:** Contract records include the initial and all amendments to the ACC, Form HUD-52520. Contract records also include any and all "letter amendments" used to approve non-funding changes to an ACC, such as a unit redistribution in the Rental Certificate Program, or a policy change in effective and expiration dates.

C. **Annual Financial Records:** Annual financial records include budgets, Forms HUD-52672 and HUD-52673; requisitions, Form HUD-52663; and year-end financial statements, Forms HUD-52681 and HUD-52595; and revisions to any and all of these. Annual financial records also include correspondence to and from the HA regarding these documents.

D. **HUDCAPS Reconciliation Records:** A reconciliation file must be maintained for each Rental Certificate and Rental Voucher Program reconciled, and for each Moderate Rehabilitation project reconciled. Each reconciliation file should include:

- (1) Year End Settlement Reconciliation Worksheet (YESR); (**See Note below**)
- (2) Copies of all YESTs (Settlement Results tab) from roll-up year through any future year which shows any non-settlement change in reserves (NSCIR) amount; (**See Note below**)

Note: Either the YEST for the year of the settlement being reconciled or the YESR table should be manually annotated to reconcile the YEST's "Reserves + Offsets" and any NSCIR with Line 12 of the YESR.

- (3) Copy of YESTs (Contributions Req'd Adjustments tab) for reconciliation year and subsequent years being approved;
- (4) Alt-B (Data Support) Worksheets;
- (5) Alt-D - Annual Budget Authority Table (ABAT), Multiple Line Reformulation) Worksheets;
- (6) Alt-T (ABAT Transfers) Worksheets;
- (7) Copies of all ABAT screens (before and after adjustments);
- (8) Copies of all Funding Increment Status Line (FISL) screens or HUDCAPS Budget Authority by Funding Increment Report;
- (9) LOCCS Q30 and Q12 printouts;
- (10) HUD-52681 with Line 14 matching Alt-B (Data Support) amount for the fiscal year in question, as well as Line 31 matching amounts on Lines 12 (Table A & B) of Year End Settlement Reconciliation Worksheet. There may be an adjustment inserted on Line 15;

- (11) HUDCAPS Annual Budget Authority Report after all adjustments have been made in HUDCAPS. The ABA distribution in HUDCAPS should match the ABA Total by Year on the ABAT Transfer Worksheet; and
- (12) Copy of letter to the HA explaining the reconciliation process and results.
- (13) Magnetic media copy of the Lotus 1-2-3 "ABATFIX" reconciliation worksheet and format files (.WK1 and .FMT files). The magnetic media files may either be maintained in each reconciliation file, or all together in appropriate disk storage.

5. **Retention Requirements:** The table below lists the interim retention period for each type of Section 8 financial records. Upon year end settlement for all HA programs in a fiscal year, a combined HA file should be established for all HA programs. This will assist in a clean purge of the records by the Financial Management Center (FMC).

<u>Type of Records</u>	<u>Retention Period</u>
Funding Records	6 years and 3 months beyond the end of the federal fiscal year in which the increment was funded.
Contract Records	6 years and 3 months beyond the final expiration of the Consolidated ACC (CACC). See Note Below.
Annual Financial Records	6 years and 3 months beyond the end of the HA fiscal year covered by the documents.
Reconciliation Records	June 30, 2003.

Note: The final expiration of the CACC is the latest of the last dates of term of the funding increment on the funding exhibit. Renewals continue to extend this date farther into the future. For most Rental Certificate and Rental Voucher programs, the final expiration date is never reached, making the Contract Records essentially permanent.

6. **Other Financial Records:** There are other financial records which are not specific to the Section 8 programs. Retention requirements for these records are included with retention requirements for the Low Rent Public Housing Program in Handbook 2225.6, HUD Records Disposition Schedules, schedules 35, 36, and 37. These records include:

fiscal audits and related correspondence;

General Depository Agreements (Forms HUD-51999 and/or HUD-52000); and designation of depositories such as the Direct Deposit Sign Up Form (Form SF-1199A).

7. **Control Files Subsystem (CFS) Files:** In 1991 and 1992, field offices created source document files to aid in the loading of data into CFS. These files included copies of funding and contract documents.

Field offices may dispose of their CFS files, except for Housing Assistance Payments Contracts (HAPs) under the Moderate Rehabilitation program - these are generally HUD's only copies of Mod Rehab HAPs. Each file should be reviewed carefully before it is destroyed to ensure that it contains only surplus copies of funding and contract documents. Any original documents found in the review of the CFS files should be filed appropriately and retained or destroyed in accordance with paragraph 5 above.

8. **Special Provision Applicable to Offices of Native American Programs:** The General Accounting Office has determined that financial records relating to American Indians must be retained. Consequently, Offices of Native American Programs are not authorized to dispose of financial records of the Section 8 programs.

9. **Contact:** Questions relating to this Notice may be directed to the Finance Division on (202) 708-2934.

/s/

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for Public and Indian Housing